

Real Estate Fraud
San Luis Obispo County District Attorney's Office
Government Code Section 27388(d)
Narrative Annual Report for Fiscal Years
2013-14 and 2014-15

INTRODUCTION

On August 19, 2008, pursuant to Senate Bill 537 (California Government Code Section 27388), the San Luis Obispo County Board of Supervisors approved a surcharge for the recording of certain real estate documents in order to fund the County's Real Estate Fraud Prosecution Trust Fund. This Trust Fund is the revenue source for the District Attorney's Real Estate Fraud Unit. The Unit investigates and prosecutes real estate fraud cases to deter and punish those who would commit real estate-related fraud and to obtain restitution for victims. The Unit also educates the public and real estate professionals about real estate fraud and how it can be identified and prevented.

Historically, virtually all major real estate fraud criminal investigation within our county, after having been referred by the State Department of Real Estate, has been handled by the District Attorney's Office. The San Luis Obispo County Real Estate Fraud Unit consists of a portion of a Deputy District Attorney and an Investigator in that office. The Unit works closely with District Attorney's Victim/Witness staff members and Consumer Fraud Unit staff who deal with large numbers of victims in many of these types of cases. During five recent cases, the Victim/Witness Division utilized the department's website to provide victims with up-to-date case information. The Unit's investigator and prosecutor work cases together vertically, from the initial complaint through the trial and sentencing.

The County Clerk Recorder has been allocated 10% of all fees collected for the County's Real Estate Fraud Unit in order to cover the costs of its administrative workload resulting from the collection of this fee.

The resources provided through the program have allowed the District Attorney's Office to investigate and prosecute real estate-related crimes which otherwise may not have been prosecuted.

This report for fiscal years 2013-14 and 2014-15 is provided pursuant to California Government Code Section 27388, subsection (d).

Statistics for July 2013 through June 2014

Figure 1(a)

Real Estate Fraud Prosecution Program Statistics

(FY 2013-14)

	Cases Investigated	Cases Filed	Convictions	Number of Victims in Filed Cases	Total Aggregated Monetary Loss to Victims in Cases Filed in FY 2013-14
San Luis Obispo County	1	1	2	1	\$327,000

(Counting cases filed, convictions, ongoing prosecutions, and open investigations which occurred in FY 2013-14, but without duplication across those categories. Convictions above reflect cases filed and reported upon in prior years, but adjudicated in FY 2013-14.)

Statistics for July 2014 through June 2015

Figure 1(b)

Real Estate Fraud Prosecution Program Statistics

(FY 2014-15)

	Cases Investigated	Cases Filed	Convictions	Number of Victims in Filed Cases	Total Aggregated Monetary Loss to Victims in Cases Filed in FY 2014-15
San Luis Obispo County	8	0	2	0	\$0

(Counting cases filed, convictions, ongoing prosecutions, and open investigations which occurred in FY 2014-15, but without duplication across those categories. Convictions above reflect cases filed and reported upon in prior years, but adjudicated in FY 2014-15.)

ACCOUNTING

Figure 2(a)

Real Estate Fraud Prosecution Program Trust Fund Revenues and Expenditures

(FY 2013-14)

	Trust Fund Carry-In Balance	Trust Fund Revenues	Trust Fund Expenditures
San Luis Obispo County	\$0	\$257,619.60	\$257,619.60

A. Revenues: \$257,619.60

(These represent funds received through the Clerk Recorder's Office for recorded real estate documents which are deposited into the District Attorney's Real Estate Fraud Trust Fund.)

B. Expenditures: All trust fund revenue, \$257,619.60, was applied toward salaries and benefits expense for prosecution and investigative resources dedicated to the Real Estate Fraud Program. Total expenses attributable to the District Attorney's Real Estate Fraud Prosecution Program in FY 2013-14 totaled \$361,834.55, inclusive of salary and benefits (\$359,033.60) and other office related expenses (\$2,800.95).

Figure 2(b)

**Real Estate Fraud Prosecution Program Trust Fund
Revenues and Expenditures**

(FY 2014-15)

	Trust Fund Carry-In Balance	Trust Fund Revenues	Trust Fund Expenditures
San Luis Obispo County	\$0	\$274,056.30	\$274,056.30

A. Revenues: \$274,056.30

(These represent funds received through the Clerk Recorder's Office for recorded real estate documents which are deposited into the District Attorney's Real Estate Fraud Trust Fund.)

B. Expenditures: All trust fund revenue, \$274,056.30, was applied toward salaries and benefits expense for prosecution and investigative resources dedicated to the Real Estate Fraud Program. Total expenses attributable to the District Attorney's Real Estate Fraud Prosecution Program in FY 2014-15 totaled \$368,728.53, inclusive of salary and benefits (\$367,121.88) and other office related expenses (\$1,606.65).

Figure 3(a)

Real Estate Fraud Prosecution Program Expenditure Details

(FY 2013-14)

	Salaries and Benefits	Operation and Support Costs	Total Expenditures
San Luis Obispo County	\$257,619.60	\$0	\$257,619.60

(Amount above reflects use of Real Estate Trust Funds received in FY 2013-14).

Figure 3(b)

Real Estate Fraud Prosecution Program Expenditure Details

(FY 2014-15)

	Salaries and Benefits	Operation and Support Costs	Total Expenditures
San Luis Obispo County	\$274,056.30	\$0	\$274,056.30

(Amount above reflects use of Real Estate Trust Funds received in FY 2014-15).

OUTREACH

Over the past 2014-15 fiscal year, the District Attorney's Office continues to utilize several processes to assist the hundreds of individuals victimized by fraud schemes involving real estate. For example, numerous pre- and post-court hours are spent by the attorney, investigators and Victim/Witness staff meeting and corresponding with victims to keep them apprised of upcoming events and address their ongoing concerns regarding pending and post-litigation matters, including preparation for court proceedings and obtaining restitution.

Also, for each of the existing cases of Estate Financial, Inc., Real Property Lenders, 21st Century Financial, Heritage Lending and Al Moriarty Enterprises, a separate webpage for each has been created and is maintained on the District Attorney website to provide up-to-date case status, resource information and links. Additionally, a designated "hotline" telephone number and email account linked from the webpage has been implemented and continues to be maintained whereby victims could call in or email with additional questions or to obtain further information.

Over the course of each criminal proceeding, these webpages include information on criminal charges, court rulings and case status, the custody status of defendants, bankruptcy court proceedings, restitution, and the status of sentencing. In addition, Victim/Witness advocates attend all court hearings to connect with victims and inform them of their rights pursuant to Marsy's Law and other victims' rights. For the sentencing hearing, advocates also coordinate the victim impact statements by which victims may address the judge.

Throughout these proceedings, extensive asset seizure work takes place to secure and maintain the defendants' assets for use toward future victim restitution. Following conviction, substantial work with the victims and the Probation Department also goes into pursuing restitution for victims, as well. This past 2014-15 fiscal year, even though convictions have been secured, a significant amount of time has been dedicated to pursuing restitution for the victims in these cases.

The District Attorney's Office's Real Estate Fraud attorney, investigator, and Victim/Witness advocates have also participated with community outreach programs and forums sponsored by RESAFE and by the SLO Association of Realtors.

CONCLUSION

The District Attorney's Real Estate Fraud Unit continues to be extremely busy. During this past fiscal year, eight more major real estate fraud cases have been investigated, in preparation for possible filing. This is in addition to seven of the previously filed real estate fraud cases, where work continues, from trial preparation to the pursuit and

enforcement of restitution for victims. These seven open cases alone include in excess of 2,000 victims and potential victims. (The intent of the legislature was to have an impact on real estate fraud involving the largest number of victims.) These types of investigations take hundreds of investigative hours before they are completed, due to their complexity.